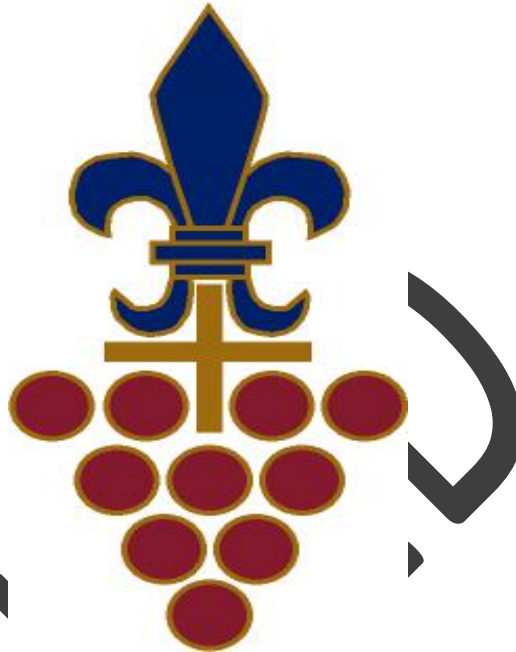


APPENDIX 12

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STELLENBOSCH MUNICIPALITY



IRRECOVERABLE DEBT POLICY

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REVISED



STELLENBOSCH MUNICIPALITY

IRRECOVERABLE DEBT POLICY

TABLE OF CONTENTS

	PAGE
PREAMBLE	14
1. Requirements before writing-off debt	2
2. Bad Debt Recovered	2
3. Thresholds for writing-off of debt	2
4. Provision for irrecoverable debt	2
5. Short Title	2

PREAMBLE

The Stellenbosch Municipal Council accepts and acknowledges its Constitutional duties and mandate towards the community/consumers of Stellenbosch Municipality (WC024).

Council further acknowledges that in order to deliver services in a sustainable manner, that same be managed in terms of Council's Credit Control and Debt Collection Policy having due regard of its limited financial resources and the need to manage cash flows.

Council therefore is very aware of its duty to prepare financial statements that gives a true reflection of the financial position for a given period.

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1. Requirements before writing-off debt

Before any debt, owed to the municipality for any reason whatsoever will be considered for writing-off, all applicable actions as contained in the approved Credit Control and Debt Collection Policy of Stellenbosch Municipality must have been executed/implemented. However, in special cases where the requirements in terms of the Municipality's Credit Control and Debt Collection Policy were impossible/impractical to implement, the administration must motivate such write-off, which other remedies were applied or actioned.

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2. Bad Debt Recovered

Bad debt recovered after having been written-off will be treated in terms of the Municipality's Accounting Policy.

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3. Thresholds for writing-off of debt

3.1 The writing-off of debt:

- (i) Above twenty thousand rand (R20 000) will be effected after Council approval.
- (ii) Amounting to twenty thousand rand (R20 000) and below may be effected after motivation to and approval by the Chief Financial Officer (CFO) or his/her delegate.
- (iii) Amounting to ten thousand rand (R10 000) and below may be effected after motivation to and approval by the Manager: Treasury.
- (iv) Amounting to five thousand rand (R5 000) and below may be effected after motivation to and approval by the Head Revenue.

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3.2 The writing-off of any interest (or part thereof) component of debt, providing that the debt excluding the interest component, is paid in full:

- (i) Above one hundred thousand rand (R100 000) will be effected after Council approval.
- (ii) Amounting to one hundred thousand rand (R100 000) and below may be effected after motivation to and approval by the Chief Financial Officer (CFO).

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4. Provision for irrecoverable debt

Provision for bad/irrecoverable debt will be dealt with in terms of the Municipality's Accounting Policy.

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5. Short Title

This Policy is the Irrecoverable Debt Policy of the Stellenbosch Municipality.

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